

Insurance FAQ Document For County Clerks

Updated May 4, 2012

Registration Questions:

1. SCENARIO—

- A.) A vehicle is titled in a company's name. The customer is an employee of that company and the customer carries the insurance.**
- B.) The vehicle is titled in the customer's name and their company carries the insurance on the vehicle.**

In either situation, the name on the insurance card will not match the registration. Are there any provisions for that?

We are not concerned with whether or not the names match. We are looking to see if the VINs match.

What is important for the clerk to check is the VIN and make any allowable changes to the INSURANCE VIN to match the AVIS VIN and create the connection with the VIN Alias/VIN Cross-Reference.

2. CUSTOMER COMPLAINT: Vehicle is registered in Kentucky. The child goes to college out-of-state and carries the insurance for that state. The clerk informs the customer they must have Kentucky insurance to renew. Is this correct?

Yes, Kentucky coverage is required. If a vehicle is registered in Kentucky it must be insured by a company admitted to do business in Kentucky (KRS 304.39-090).

3. A business has a fleet policy. As long as the vehicle is covered under the fleet policy, can this insurance be accepted to renew:

A vehicle titled in the business owner's name? YES

A vehicle titled to his secretary? YES

A vehicle titled to the owner's wife? YES

A vehicle titled to the owner's child who's away at college? YES

- 4. If a customer is living temporarily in another state, should they keep their insurance in Kentucky or the state they are living in temporarily?**

As long as the vehicle is registered in Kentucky, it must have a Kentucky-specific insurance card, issued by a company licensed to do business in Kentucky. The vehicle is required to be registered in the state where it will be for six months or more out of the year.

- 5. A customer turns in their motor home plate and drops the insurance for a period of the year. Will the customer receive an uninsured notice letter?**

No. This situation should be handled as an exemption (option #2 on the IU menu). An uninsured notice letter will not be generated.

- 6. Can a clerk accept a proof of insurance card for a fleet policy if there is no VIN listed? Can a clerk accept alternative proof of insurance from an out of state insurance company if they are registered to do business in Kentucky?**

*Yes. A fleet policy that covers more than 5 vehicles will not list the VIN for each of the vehicles. If a card is shown as proof, the card must state “**Commonwealth of Kentucky**” and show the **NAIC number and policy type**.*

Yes. Alternative proof should be accepted if the insurance company is registered to do business in Kentucky.

- 7. Are all fleet insurance cards commercial?**

No, fleet does not mean commercial. Fleet means the person has 5 or more vehicles that are under one owner. A person can have fleet with personal policies. Fleet cards must meet all insurance card requirements like PL/CL, NAIC #, and Commonwealth of Kentucky. However, fleet cards normally will not list the VINs for each vehicle listed on the policy.

8. **COMMERCIAL vs. INDIVIDUAL POLICY:** A customer comes in to renew their registration. The vehicle is titled to the individual, but the insurance is carried through the company the individual works for. Or, the vehicle is titled in the company name and the individual carries the insurance. In both situations, the name on the title does not match the name on the proof of insurance. Is it acceptable that the names do not match? Is it acceptable that the policy is personal rather than commercial?

Yes. The names do not need to match. It is important to verify that the VIN on the title matches the VIN on the proof of insurance.

Yes. Kentucky has no regulations that would require the policy type to be commercial. Each insurance company follows its own rules that set the criteria for what they will write as a personal or commercial policy. The policy type depends on how the insurance company classifies the policy.

If a vehicle is owned by a company it is likely being used for business full time and the insurance company is likely to issue a commercial policy but that is not a statutory mandate.

9. **SCENARIO:**

Customer receives an uninsured notice and comes into the clerk's office. The customer says they have a Historical license plate and don't keep insurance on the vehicle for the whole year because they only use the vehicle for a part of the year. The customer is told that if you drop insurance on a registered vehicle, the plate must be turned in. This upsets the customer, because they were told the Historical plate is a "lifetime" plate and they shouldn't have to pay for another plate when insurance is put back on the vehicle. How does a clerk handle this?

KRS 304.39-090 states that an owner may not operate a vehicle in Kentucky until insurance has been provided. An owner who fails to maintain insurance on their vehicle shall have their vehicle registration revoked.

KRS 186.043 covers the requirements for a Historic Vehicle registration.

10. If someone is coming in to register their vehicle and to get a temporary tag, do they need to show proof of insurance?

Yes. According to KRS 186A.042:

On and after January 1, 2006, a County Clerk shall not process an application for, or issue, a:

- a) Kentucky title and registration or renewal of registration;*
- b) Replacement plate, decal, or registration certificate;*
- c) Duplicate registration;*
- d) Transfer of registration; or*
- e) Temporary tag;*

for any personal motor vehicle as defined in KRS 304.39-087(1) if AVIS does not list the vehicle identification number of the personal motor vehicle as an insured vehicle. In cases of a first time registration, the owner must provide proof of insurance to the clerk.

11. When a vehicle is transferred, does the proof of insurance need to come from the seller or the buyer?

The buyer is required to show proof of insurance on the vehicle.

12. SCENARIO:

Customer has moved to Kentucky from out of state and wishes to transfer their title/registration to Kentucky. The clerk notices that the VIN on the customer's insurance card does not match the VIN on the customer's out of state title. What should the clerk do?

In this "out of state customer" scenario, the clerk should have the customer contact their insurance company to correct the issue. Have the insurance company make the proper correction and then send updated proof of insurance info to the clerk's office to process.

Proof of Insurance Cards:

- 1. How do clerks know how many different styles of insurance cards one insurance company has and when they change the style of their cards?**

806 KAR 39:070 sets the guidelines for the card's size and contents. Cards issued by an insurance company may appear different from cards issued by an agent.

- 2. Why can't clerks write the NAIC number on the card if it is confirmed with the insurance company over the phone?**

According to 806 KAR 39:070 Section 2, paragraph 4, the NAIC number must be printed on the card already.

- 3. NAIC numbers are not matching. Example: AIG has a 12 or 012 listed on the customer's insurance card. Both numbers are invalid. When the clerk contacts the insurance company, the company is already aware of the situation but the cards continue to be issued with these invalid NAIC numbers. What can be done?**

If the clerk wishes to bring the continuing issue of non-compliance by one company to the attention of the Department of Insurance (DOI), a copy of the card can be faxed to (502) 564-5922, or emailed to Robin Coombs at robin.coombs@ky.gov.

- 4. Does the name on the insurance card have to match the name on the uninsured notice letter?**

No. Clerks should check to make sure the VIN on the letter matches the VIN provided with the proof of insurance.

- 5. A customer comes in to complete a transaction in the clerk's office that requires proof of insurance. The clerk enters in the NAIC number and AVIS shows that the NAIC number is not a valid/active company code. What type of explanation does the clerk give the customer?**

The clerk needs to tell the customer that their insurance company is currently not registered with the state, and therefore unacceptable. A customer's insurance company must be registered to do business in Kentucky in order to be valid when registering or renewing a vehicle. If AVIS gives you an error message that says the NAIC number is not active or not on file, that means the insurance company is not currently registered with the state. If the NAIC number is not verified through AVIS, the customer's insurance cannot be accepted.

- 6. If the insurance card does not have personal, commercial, PL, or CL printed on it can the clerk's office or the customer contact the agent and handwrite the policy type on the insurance card? Does the clerk have to contact the agent/company or can the clerk ask the customer what their policy type is?**

No, nothing handwritten can be accepted. 806 KAR 39:070 requires the policy type be indicated on the insurance card. The insurance company will need to correct the card before it can be accepted.*

**There will be times when the insurance company is having printer problems and would be unable to print proof of insurance. In this case, if the trouble can be verified by the insurance company, the clerk can accept handwritten information.*

- 7. If the insurance card has a NAIC number, does that mean it is acceptable?**

No. Having a NAIC number does not ensure that the insurance provider is registered to do business in the state of Kentucky. Clerks can call the MVL Helpdesk at 502-564-1257 to check on a company's current status.

8. Does the “45 Days” statement in KRS 304.39-117 mean 45 days from the date on the uninsured letter or 45 days from the day the customer comes into the office?

This statute refers to acceptance of the insurance card by a peace officer in the event that AVIS does not list the VIN as insured. In such case the officer can accept the card as evidence of coverage if the card was issued no more than 45 days before the date the peace officer is looking at the card.

*The same logic follows for acceptance of the card by the clerk’s office. **KRS 186A.042 states that if AVIS cannot verify insurance, a clerk can accept an insurance card if it was effective no more than 45 days from the day of the transaction (first time, renewal, transfer...)** This aims to prevent acceptance of an insurance card for a policy that has been cancelled prior to the time the card is being presented. Clerks need to check this for each transaction that insurance is required and AVIS cannot verify automatically.*

IF AVIS VERIFIES INSURANCE, THERE IS NO NEED TO ASK FOR PROOF OF INSURANCE.

******The 45-Day rule DOES NOT APPLY to commercial, self-insured, or military policies.*****

9. What is acceptable as proof of insurance on the 45 day rule per the Kentucky Department of Insurance?

- a. Clerks can accept signed “no lapse letter” on Company Letterhead along with a copy of the insurance card.*
- b. Clerks can also accept a faxed card if the fax delivery page includes a date and time and sender message that identifies it was sent from an agency or company and indicates it was issued on that date and the coverage is/and has remained effective.*
- c. Clerks can accept an insurance card, binder, or certificate of insurance that has been processed less than 45 days ago.*

KRS 304.39-117 (Paragraph 3) *is the regulation that explains the purpose behind checking insurance cards to make sure their effective date is no more than 45 days from the day the customer is in the clerk’s office. It is the **issue date** of the card that is important in the event AVIS cannot automatically verify the insurance is in force.*

10. Can a clerk accept an insurance card that has the NAIC and Commonwealth of Kentucky printed on it but has other information handwritten?

Sometimes an insurance company will have printer/computer problems and will issue a card like the one mentioned above. If the clerk verifies the problem with the insurance company they can accept it.

If the clerk feels like the card is fraudulent, they should contact L. Clark Williams, Director of the Department of Insurance's Fraud Division at 502-564-1461.

Military Questions:

1. When a customer is active duty, the clerk can accept out-of-state insurance with an active military ID. What other documentation other than the ID can the clerk accept from a customer in the military?

According to 806 KAR 39:070 Section 3, paragraph 6, a letter from the provost marshal (highest ranking officer) would be acceptable. A pay stub of the enlisted would also be acceptable.

2. Other than the military, are there any scenarios where the proof does not have to say "Kentucky" insurance?

See 806 KAR 39:070 Section 3 for the various methods of proving financial responsibility. If a customer is not in the military, the insurance company must be registered to do business in Kentucky. If the customer is presenting a card as proof of insurance, the card must meet the guidelines of 806 KAR 39:070, such as the policy type, NAIC number, Commonwealth of Kentucky...

The military exception code (MILT) can only be used if the customer is active duty military and their name appears on the title. The statutes and regulations do not address military spouses or dependents - they only refer to the active military member. Due to the current wording, we cannot allow the non-military member to have the same privileges as the active military member so the MILT exception code cannot be used in these scenarios. The only way this could be allowed would be with a legislative change.

Other Questions:

- 1. Certificates of Liability do not need to state “Kentucky,” but commercial lines need the NAIC number. Is this correct?**

Yes. It is not mandated that the Certificate of Liability state “Kentucky.” Clerk should verify that the insurance company is registered to do business in the Commonwealth. When processing the transaction, if AVIS says the NAIC number is not active/not on file, that means the insurance company is not currently registered with the state and therefore unacceptable as valid proof of insurance.

- 2. When a customer comes into the clerk’s office to transfer a vehicle into a name of a trust or estate, why does the insurance have to be in the name of the trust or estate?**

As long as the VIN shows the vehicle is covered, it makes no difference to the clerk whose name the coverage is in.

- 3. Most “ACORD” certificates do not specify that it is Kentucky insurance. Are these certificates acceptable proof of insurance?**

Yes, per 806 KAR 39:070 Section 3, if the certificate is issued by an agent who holds a Kentucky license.

- 4. Is commercial insurance exempt from the “Kentucky” insurance and NAIC number requirements?**

*No. The insurance card, whether it is personal or commercial, must include all the information required in 806 KAR 39:070, such as the **POLICY TYPE**, **“COMMONWEALTH OF KENTUCKY”** and the **NAIC NUMBER**. For all commercial policies, an NAIC is required to be input in AVIS.*

5. **Does the insurance card have to specifically state “Commonwealth of Kentucky Proof of Insurance” or can it read “Commonwealth of Kentucky” and then have “Proof of Insurance” or “Insurance Identification Card” printed in another location on the card?**

*The information can be stated in different ways as long as all of the information required on the insurance card is present. **DECLARATION PAGES** and **BINDERS** are not required to have “Commonwealth of Kentucky.”*

6. **Is the policy type (Personal or Commercial) on all types of policy paperwork such as Declaration Pages, Binders, Certificates of Insurance, etc...?**

No. The policy type must be indicated on the proof of insurance card. It is not required on a certificate of insurance, an insurance policy, a letter from the Kentucky Automobile Insurance Plan, a provost marshal affidavit, or a DOI letter regarding self-insurance.

7. **What can county clerks do about an inactive insurance company issuing proof of insurance cards?**

When an insurance company is inactive, their NAIC number will not be recognized by AVIS. If an insurance company is inactive, they are not admitted to do business in the Commonwealth. Clerks can call MVL Helpdesk at 502-564-1257 to check a company’s status.

If the clerk feels like the card is fraudulent, they should contact L. Clark Williams, Director of the Department of Insurance’s Fraud Division at 502-564-1461.

8. If a customer has a vehicle they do not drive, do they still need to keep insurance on the vehicle?

Insurance must be maintained on a vehicle as long as there is an active registration. In order to drop the insurance the registration must be cancelled and the license plate must be surrendered to the county clerk's office.

9. Are farm tags considered commercial tags?

The Kentucky Transportation Cabinet looks at farm tags as commercial tags. However, each insurance company will write a policy (either personal or commercial) by their own determinations. Therefore, it would not be unusual for a vehicle to have a farm tag with a personal policy.

10. How do insurance companies define a vehicle as commercial?

However the policy is defined by the insurance company gives its designation as commercial; it has nothing to do with how the vehicle is used.

11. Can a clerk give out insurance information to the public?

According to KRS 186A.040 (3) b, insurance information does not apply to the Open Records Act, and shall not be disclosed, used, sold, accessed, utilized in any manner, or released by the department to any person, corporation, or state and local agency, except in response to a specific individual request for the information authorized pursuant to the federal Driver's Privacy Protection Act, 18 U.S.C. secs. 2721 et seq. Form TC-96-016 can be filled out in order to obtain information if the request is within the guidelines of the form.

- 12. A customer gives an insurance binder to the County Clerk as proof of insurance. It contains the NAIC #, policy #, effective/expiration date, Commonwealth of Kentucky, basically all the requirements of an insurance card. However, the heading is listed as “Applicants Name” instead of “insured,” “named insured,” or “policy holder.” Would this be acceptable?**

This would be acceptable. A binder is issued to provide a commitment/evidence of coverage prior to a policy being issued. Therefore, use of the word “applicant” is consistent with that status. The key factor is that the VIN for the vehicle matches the VIN on the proof of insurance.

- 13. A customer is going to title their truck in Kentucky, but their insurance is through a company in Tennessee. Can this be accepted?**

No. The insurance must be with a company that is registered to do business in the Commonwealth.

- 14. A customer’s registration is cancelled with a CCB code for not responding to the uninsured notice. The customer says they never received the notice, so what should the clerk do?**

The clerk should ask for proof of insurance from the customer to resolve the issue. The uninsured notice is mailed to the address given by the customer when first registering a vehicle in their name. If the customer moves, it is their responsibility to report the new address to the County Clerk in order to have their current information updated. It is vital for mailing addresses to be kept up to date.

Systems Questions:

- 1. When a Kentucky transfer is processed, the insurance is verified in the system on the 2nd screen. Why is that?**

The insurance is verified by the VIN. If the previous owner had valid insurance then AVIS does not look for insurance in the new owner's name, just for insurance on that particular VIN.

- 2. How often is the insurance screen updated? Would that explain why one day the insurance is verified and the next day it may not?**

The Full Book of Business for personal policies is updated in AVIS once a month after the monthly book of business is reported (by the 15th of each month).

- 3. On the insurance screen, it states that the clerk can change 2 characters of any particular VIN. Does this include the last six characters of the VIN?**

In characters 1-12, only two characters can be changed. Any or all of the last 6 characters can be changed. These restrictions are based on security measures.

- 4. Is a NAIC number required in AVIS when processing a commercial policy?**

Yes. The system (AVIS) requires the NAIC number to be entered for commercial policies. The company must be registered to do business in the Commonwealth.

- 5. What do we tell customers when they ask why they received the uninsured notice letter and there is no apparent reason (VIN is correct, policy type is personal)?**

The problem is most likely a submission error. Each month insurance companies electronically submit their Full Book of Business (a list of all the VINs the insurance company has a personal policy for) to Motor Vehicle Licensing. If a VIN is left off the list for any reason or there is an error with the VIN reported, AVIS will flag that vehicle as uninsured because it could not be verified. It is important for the customer to check with their insurance company/agent on this matter.

- 6. A customer comes in to the clerk's office to complete a Title-Only transfer. The vehicle has a special plate on it that has expired. The previous owner has already dropped the insurance and there is no way to renew the plate without proof of insurance. What is the clerk supposed to do?**

The clerk should go to the RC screen, and in the "Cancel Regis" field the clerk should put in the code CCN (Per Customer Request). This will cancel the expired special plate, and the clerk will be able to complete the Title-Only transfer.

- 7. What exception codes may be used in the NAIC field?**

- a.) **Self-insured**--Use the IU screen, function 5 (Self-insured Inquiry), to record the self-insured code. Example: S1234.*
- b.) **Military**—MILT*
- c.) **Dealer**—DLR*
- d.) **Federal -insured**—F9999*

Exceptions still require proof of insurance. These examples should not be confused with EXEMPTIONS, which would include seasonal, sold out of state, junked...These can be found on the IU screen within function #2. Exemptions are used in conjunction with registration cancellation codes on the RC screen when insurance is not in force on the vehicle.

8. How does AVIS verify insurance?

AVIS verifies insurance by the VIN as reported by insurance companies, not by customer name. When insurance companies send in their Full Book of Business each month, it is only a list of VINs. Remember, the name on the title does not need to match the name on the proof of insurance.

It is important to note that if AVIS verifies the vehicle as insured, there is no need for the clerk to obtain proof of insurance from the clerk.

9. AVIS will cancel registrations due to lack of insurance with the CCB code. If a customer comes in to the clerk's office to turn in their plate because they are dropping the insurance, what code should the clerk be using?

In this situation, the clerk should be using the CCN code to cancel the registration on the RC screen in the "Cancel Regis" field. The clerk can put in remarks that the customer was dropping the insurance.

Useful Kentucky Revised Statutes and Administrative Regulations

1. KRS 304.39-090

Requirements for Maintaining Insurance

An owner of a motor vehicle registered in this Commonwealth who ceases to maintain security as required by the provisions on security may not operate or permit operation of the vehicle in this Commonwealth until security has again been provided as required by this subtitle.

An owner who fails to maintain security as required by this subtitle shall have his or her motor vehicle registration revoked in accordance with KRS 186A.040.

2. 806 KAR 39:070 (4)

Mandatory Contents of the Insurance Card:

- (a) Title of the document: “Commonwealth of Kentucky Proof of Insurance”
- (b) The name of the insurance company and its five (5) digit NAIC code
- (c) The name of the named insured
- (d) The effective date and the expiration date
- (e) The policy number
- (f) 1. If the insurance contract covers four (4) or fewer vehicles, the motor vehicle identification: year, make or model, and vehicle identification number of each motor vehicle. 2. If the insurance contract covers five (5) or more motor vehicles, it shall state “Fleet.”

3. KRS 304.39-087 (2)

Insurance Company Must Report Personal Policies Monthly:

Beginning January 1, 2006, every insurance company that writes liability insurance on personal motor vehicles in Kentucky shall, between the first and fifteenth day of each month, send to the Department of Vehicle Regulation a list of the vehicle identification numbers (VINs) of each personal motor vehicle covered by liability insurance issued by the insurer as of the last day of the preceding month and the name of each personal motor vehicle insurance policyholder. The information shall be submitted either electronically or by paper copy at the option of the Department of Vehicle Regulation.

4. KRS 186A.040 (Paragraph 3, section b)

Open Records Request:

Notwithstanding any other provision of law, information obtained by the department pursuant to KRS 304.39-087 shall not be subject to the Kentucky Open Records Act, KRS 61.872 to 61.884, and shall not be disclosed, used, sold, accessed, utilized in any manner, or released by the department to any person, corporation, or state and local agency, except in response to a specific individual request for the information authorized pursuant to the federal Driver’s Privacy Protection Act, 18 U.S.C. secs. 2721 et seq.

5. 806 KAR 39:050 (Self-Insurance)

This administrative regulation outlines the proper procedures for companies that wish to sell self-insured policies in the Commonwealth.

6. KRS 304.39-117 (Paragraph 3) “The 45-Day Rule”

This regulation explains the purpose behind checking insurance cards to make sure their effective date is no more than 45 days from the day the customer is in the clerk’s office. It is the issue date of the card that is important in the event AVIS cannot automatically verify the insurance is in force.

*****The 45-Day rule DOES NOT APPLY to commercial, self-insured, or military policies. *****

7. KRS 304.99-060 (Penalties)

This regulation deals with the penalties associated with an individual who is stopped by law enforcement and cited for driving without insurance.